

Housing Association Service Charges for General Needs Housing, 2003/04–2007/08

Summary

Introduction

This paper looks at the pattern of housing association (HA) service charges for general needs self-contained dwellings from 2003/04 to 2007/08, and how service charges vary between different property sizes and property types, areas and types of HAs – Large Scale Voluntary Transfer HAs (LSVT HAs) and non-LSVT HAs. In particular service charges in London are examined and contrasted with changes in other regions.

Methodology

There are two types of service charges: service charges eligible for Housing Benefit (HB) and those not eligible. The Regulatory and Statistical Return (RSR) provides weighted average service charges for general needs housing while the COntinuous REcording (CORE) system provides service charges for individual new-let or re-let general needs housing. Data from the RSR were used to provide a national and regional picture of general needs housing service charges and changes between 2004/05 and 2007/08 by bedsize and region, and by LSVT HAs and non-LSVT HAs in 2007/08. Data from the RSR and CORE were used to look at service charges eligible for HB in London to identify which types of property in 2007/08 had high service charges and their location.

Key findings

General picture of service charges eligible for HB

- There was a reduction in the proportion of general needs tenants paying a HB-eligible service charge between 2003/04 and 2005/06 because of the re-categorisation of general needs and supported sheltered housing as “housing for older people”. For service charges eligible for HB, 48 percent of general needs tenants paid in 2003/04 falling to 46 percent in 2006/07 and 2007/08. General needs tenants living in smaller-size dwellings are more likely to pay this service charge (82 percent of tenants in bedsits and 66 percent in one-bedroom properties in 2007/08).
- For all general needs units with a service charge eligible for HB, the average HB-eligible service charge in 2003/04 for England was £6.13 per week. This fell to £4.35 in 2005/06 but rose again slightly to £4.83 in 2007/08.
- The average weekly service charge eligible for HB for bedsits is always the highest. In 2003/04, it was £12.84, more than twice the average for all properties with HB-eligible service charges, but this fell to £6.41 in 2005/06, still 48 percent above the average for all properties with an HB-eligible service charge.
- For those who paid service charges in 2007/08, the average service charge eligible for HB represented 11 percent of all bedsits’ gross rent (i.e., rent including an HB-eligible service charge).
- Of all regions, London had the largest proportion of general needs tenants living in self-contained units paying this service charge (58% in 2003/04 rising to 62% in 2007/08).

- For all general needs self-contained units with an HB-eligible service charge, this charge was always highest in London. London was also the only region where this service charge increased between 2003/04 and 2007/08 (rising from £7.25 per week in 2003/04, 19 percent above the national average for general needs self-contained units with HB-eligible service charge, to £7.52 in 2007/08, 56 percent above the national average).
- Tenants in LSVT HAs are less likely to pay a HB eligible service charge. In 2007/08, 32% of tenants living in self-contained general need units owned by LSVT HAs paid this charge in contrast to 63 percent in non-LSVT HAs.

Service charges eligible for HB in London

- There were an increasing number of general needs tenants living in self-contained units in London paying a service charge eligible for HB over the period of 2003/04–2007/08. Tenants of two-bedroom properties accounted for the largest proportion of all tenants paying a HB eligible service charge in London, 33% in 2003/04 rising to 39% in 2007/08.
- For existing tenancies, two-bedroom properties in London had the highest average HB-eligible service charge. This increased by 25 percent from £6.14 in 2003/04 to £8.20 (68% above the average for all self-contained units with an HB-eligible service charge in London) in 2007/08.
- New tenants in London in 2007/08 were more likely to pay an HB-eligible service charge than existing tenants (75% of new tenants compared to 62% of existing tenants in London and 46 percent of existing tenants in England).
- The average HB-eligible service charge for all new tenants living in dwellings with this service charge in London was £9.24 per week in 2007/08, some 23 percent higher than that for existing tenancies (£7.52) in London and nearly double the average for all existing tenants in England (£4.83).
- New tenants in flats/maisonettes (including shared) are more likely to pay HB-eligible service charges than those in houses/bungalows (including shared). Approximately 76 percent of new tenants in flats/maisonettes with one-bedroom, and 85 percent with two or more bedrooms paid this charge in 2007/08. New tenants sharing with others in flats/maisonettes paid a particularly high HB-eligible average service charge, 26 percent higher than the average for all properties in 2007/08.
- The 2007/08 RSR showed that the top ten local authority (LA) areas with the highest average HB-eligible service charge tended to be located in Inner London. Southwark had the largest number of one- and two-bedroom properties with higher than average service charges eligible for HB. None of the HAs with relatively high HB-eligible service charges were LSVT associations.

Conclusion

On average, fewer than half of HA general needs tenants in self-contained dwellings paid an HB-eligible service charge in addition to rent. Because of the re-categorisation of some general needs sheltered housing to supported “housing for older people”, there was a decline in the total number of general needs tenants paying the HB-eligible service charge between 2003/04 and 2007/08. Also, because of the re-categorisation, average HB-eligible service charges experienced a very slight increase in this period. But, London has a different pattern of HB-eligible service charge from the national picture. Not only did London have the highest level

of HB-eligible service charges, but there were also an increasing number of general needs tenants in self-contained units paying this charge. Average HB-eligible service charges for two-bedroom properties tend to be the highest in London, especially for two-bedroom flats/maisonettes located in Inner London.